CERTIFIÉ CONFORME
A L'ORIGINAL

VALTECH SE

Interim consolidated financial statements

for the six month period ended June 30 2018

Valtech SE

Consolidated statements of income (loss)

(in thousands of euros)	Six months ended June 30, 2017	Six months ended June 30, 2018	Note
Revenue	114,673	136,469	3.4
Other revenue	14	132	3.4
Total revenue	**114,687**	**136,601**	
Cost of sales	(76,688)	(88,184)	5
Gross margin	**37,999**	**48,417**	
Commercial costs	(8,071)	(8,984)	5
Administrative costs	(25,153)	(29,251)	5
Restructuring costs	(557)	(158)	6
Other income and expenses	(893)	(152)	6
Operating result	**3,325**	**9,872**	
Cost of gross financial debt	(948)	(1,802)	7
Interest income on cash and cash equivalents	39	22	7
Other financial income and expenses, net	(840)	311	7
Income before tax from continuing operations	**1,576**	**8,403**	
Income tax expense	(1,805)	(3,440)	8
Net income (loss) from continuing operations	**(229)**	**4,963**	
Income (loss) from discontinued operations (*)	(798)	(1,664)	
Net income (loss) attributable to equity holders of the parent	**(1,027)**	**3,299**	
Average number of basic shares (thousand)	*27,025*	*28,089*	14
Average number of fully diluted shares (thousand)	*29,629*	*30,599*	14
Earnings per basic share (from continuing operations)	(0.01)	0.18	14
Earnings per basic share (attributable to equity holders)	(0.04)	0.12	14
Earnings per diluted share (from continuing operations)	(0.01)	0.16	14
Earnings per diluted share (attributable to equity holders)	(0.04)	0.11	14

(*) On January 1, 2016, Valtech disposed of its business assets which were held by Valtech Services. In accordance with IFRS 5 – Noncurrent assets held for sale and discontinued operations, costs related to the disposal have been reclassified in "Income (loss) from discontinued operations" in the amounts of €1,664 thousand for the six month ended June 2018 and €798 thousand for the six month ended June 2017.

Valtech SE

Consolidated statements of comprehensive income (loss)

(in thousands of euros)	Six months ended June 30, 2017	Six months ended June 30, 2018
Net income (loss) for the period	**(1,027)**	**3,299**
Foreign currency translation adjustment	(894)	(1,339)
Items that will not be reclassified to the statement of income	***(1,921)***	***1,960***
Actuarial gains on employee benefits	-	(146)
Items that will be reclassified to the statements of income	***-***	***(146)***
Total comprehensive income (loss) attributable to equity holders of the parent	**(1,921)**	**1,814**
Total comprehensive income attributable to non-controlling interests	**-**	**-**

Valtech SE

Consolidated statements of financial position

(in thousands of euros)	31/12/2017	30/6/2018	Notes
Goodwill	46,417	57,132	9
Intangible assets, net	20,045	27,273	10
Tangible assets, net	8,339	8,724	11
Non-current financial assets, net	2,825	2,963	12
Other non-current assets	-	86	
Deferred tax assets	2,008	1,972	8
Non-current assets	**79,634**	**98,150**	
Accounts receivable and related accounts	66,059	80,685	13
Other current assets	13,234	13,558	13
Cash and cash equivalents	61,703	51,457	17
Current assets	**140,996**	**145,700**	
Total assets	**220,630**	**243,850**	
Share capital	3,446	3,521	14
Reserves	60,890	66,086	14
Net income attributable to equity holders of the parent	(1,452)	3,299	14
Equity attributable to owners of the Company	**62,884**	**72,906**	
Non-controlling interests	-	7,512	2.2.3.
Total equity	**62,884**	**80,418**	
Provisions-non-current portion	2,854	2,413	15
Long-term borrowings	74,438	74,532	18
Other financial debt-non-current portion	16,671	16,789	18
Deferred tax liabilities	4,884	5,625	8
Non-current liabilities	**98,847**	**99,359**	
Provisions-current portion	779	705	15
Short-term borrowings and bank overdrafts	4,218	4,293	17.18
Accounts payable and related accounts	24,001	27,219	16
Other financial debt-current portion	3,377	1,787	18
Other current liabilities	26,524	30,069	16
Current liabilities	**58,899**	**64,073**	
Total liabilities	**157,746**	**163,432**	
Total equity and liabilities	**220,630**	**243,850**	

Valtech SE

Consolidated statements of cash flows

(in thousands of euros)	Six months ended June 30, 2017	Six months ended June 30, 2018
Net income (loss)	(1,027)	3,299
- Depreciation and amortization, net	3,037	4,218
- Increase (decrease) in provision for loss	(229)	(543)
- Capital losses on disposal of assets	2	37
- Share-based compensation expense	518	151
Financial expenses	909	1,780
Change of income tax for the period	2,027	3,995
Change in deferred tax for the period	(221)	(555)
Income tax paid	(841)	(4,759)
Net change in working capital	(11,663)	(5,702)
Net cash provided by (used in) operating activities	**(7,488)**	**1,921**
Acquisition of tangible assets	(1,630)	(2,048)
Acquisition of intangible assets	(3,361)	(3,014)
Proceeds from the sale of non-current assets	116	89
Payments for acquired businesses, net of cash acquired	(10,400)	(10,664)
Increase (decrease) of the financial investments	(204)	(265)
Net cash used in investing activities	**(15,479)**	**(15,902)**
Interest paid	(6)	(132)
Cash received from subscription of warrants	150	-
Cash received from exercise of warrants	177	189
Cash received from non controlling interest	-	7,512
Issuance (repayment) of financial liabilities	947	(30)
Purchase of treasury shares	-	(400)
Net cash provided by financing activities	**1,268**	**7,139**
Impact of changes in foreign exchange rates	(132)	(172)
Increase (decrease) in cash and cash equivalent	**(21,831)**	**(7,014)**
Cash flows from operations being discontinued	**(475)**	**(1,664)**
Overall net cash flows	**(22,306)**	**(8,678)**
Cash and cash equivalents at the beginning of the period	48,577	58,565
Cash and cash equivalents at the end of the period	26,271	49,889
Reference note	17	17

Pursuant to IFRS 5 – Non-current assets held for sale and discontinued operations*, cash flows related to a business held by Valtech Services that has been sold in 2016 are presented separately in the statements of cash flows as discontinued operations.*

Valtech SE

Consolidated statements of changes in shareholders’ equity

The changes in shareholders’ equity during the six months ended as of June 30, 2018 and June 30, 2017 are as follows:

(in thousands of euros)	Number of shares	Capital	Additional paid-in capital	Reserves	Share-based compensation	Net income	Treasury shares	Translation difference	Total Group share	Minority interests	Total
December 31, 2016	**26,591,970**	**3,333**	**102,481**	**(49,472)**	**4,712**	**4,182**	**-**	**(1,707)**	**63,529**	**-**	**63,529**
Appropriation of income	-	-	-	4,182	-	(4,182)	-	-	-	-	-
Net income for the period	-	-	-	-	-	(1,027)	-	-	(1,027)	-	(1,027)
Gains and losses recognized in Other Comprehensive Income	-	-	-	-	-	-	-	(894)	(894)	-	(894)
Overall result	**-**	**-**	**-**	**4,182**	**-**	**(5,209)**	**-**	**(894)**	**(1,921)**	**-**	**(1,921)**
Share-based compensation	-	-	-	-	518	-	-	-	518	-	518
Subscription of new warrants	-	-	-	150	-	-	-	-	150	-	150
Exercise of warrants	73,075	11	166	-	-	-	-	-	73,252	-	73,252
Increase in capital (1)	784,264	98	874	-	-	-	-	-	972	-	972
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Total of transactions with the shareholders	**857,339**	**109**	**1,040**	**150**	**518**	**-**	**-**	**-**	**1,817**	**-**	**1,817**
June 30, 2017	**27,449,309**	**3,442**	**103,521**	**(45,140)**	**5,230**	**(1,027)**	**-**	**(2,601)**	**63,425**	**-**	**63,425**
December 31, 2017	**27,489,052**	**3,446**	**103,818**	**(44,930)**	**5,411**	**(1,452)**	**(66)**	**(3,344)**	**62,884**	**-**	**62,884**
Appropriation of income	-	-	-	(1,452)	-	1,452	-	-	-	-	-
Net income for the period	-	-	-	-	-	3,299	-	-	3,299	-	3,299
Gains and losses recognized in Other Comprehensive Income	-	-	-	(146)	-	-	-	(1,339)	(1,485)	-	(1,485)
Overall result	**-**	**-**	**-**	**(1,598)**	**-**	**4,751**	**-**	**(1,339)**	**1,814**	**-**	**1,814**
Share-based compensation	-	-		-	151	-	-	-	151	-	151
Subscription of new warrants	-	-	-	-	-	-	-	-	-	-	-
Exercise of warrants	79,258	10	190	-	-	-	-	-	200		200
Increase in capital (1)	516,748	65	8,203	-	-	-	-	-	8,268	-	8,268
Purchase of treasury shares (2)	(25,728)	-	-	-	-	-	(400)	-	(400)	-	(400)
Cancellation of warrants	-	-	(11)	-	-	-	-	-	(11)	-	(11)
Scope variation (3)	-	-	-	-	-	-	-	-	-	7,512	7,512
Total of transactions with the shareholders	**570,278**	**75**	**8,382**	**-**	**151**	**-**	**(400)**	**-**	**8,208**	**-**	**15,720**
June 30, 2018	**28,059,330**	**3,521**	**112,200**	**(46,528)**	**5,562**	**3,299**	**(466)**	**(4,683)**	**72,906**	**-**	**80,418**

(1) See details in note 2.1.6 for the six months ended June 30, 2017 and note 2.2.2 for the six months ended June 30,2018
(2) See details in note 14.2.
(3) See details in note 17.

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Notes to the interim financial statements

The accompanying notes to the interim consolidated financial statements form an integral part of such interim consolidated financial statements (notes 3 to 8 primarily relate to the statements of income and notes 9 to 23 primarily relate to the consolidated statements of financial position), which are herein referred to as the "Interim Consolidated Financial Statements".

NOTE 1 – Accounting policies

1.1. Basis of preparation

Incorporated in November 2016, Valtech SE (hereinafter referred to as "Valtech", or the "Company" as the parent company or, together with its consolidated subsidiaries, the "Group") is a Societas Europea ("SE") incorporated and registered in England, United Kingdom. The registered office of the company is located at 46 Colebrooke Row, London, N1 8AF, United Kingdom.

The Company prepared its interim consolidated financial statements for the six months ended June 30, 2017 and June 30, 2018, in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The term "IFRS" refers collectively to international accounting and financial reporting standards (IASs and IFRSs) and to interpretations of the interpretations committees (IFRIC and SIC), whose application is mandatory for the period ended June 30, 2018. Comparative figures are presented for the six months period ended June 30, 2017 for consolidated statements of income (loss), consolidated statements of comprehensive income (loss), consolidated statements of cash flows, and for December 31, 2017, for consolidated statements of financial position and consolidated statements of changes in shareholders' equity.

Interim consolidated financial statements should be read in conjunction with the Group's 2017 annual consolidated financial statements.

The Interim Consolidated Financial Statements are presented in thousands of euros unless stated otherwise. Some amounts may be rounded for the calculation of financial information contained in the Interim Consolidated Financial Statements. Accordingly, the totals in some tables may not be the exact sum of the preceding figures.

The Interim Consolidated Financial Statements have been prepared on a historical cost basis, except for certain items such as financial assets and liabilities measured at fair value.

The *Societas Europea* is a form of European company with a board of directors, subject to the provisions of United Kingdom law. The interim consolidated financial statements have been approved and authorized for issuance by the board of directors of Valtech (the "Board of Directors" or the "Board") on XXX, 2018.

1.2.1. New standards, amendments and interpretation implemented in the financial statements of the Group for the six months ended June 30, 2018

The Company has applied, in its Interim Consolidated Financial Statements for the six months ended June 30, 2018, new standards and amendments, for which the application is mandatory as of January 1, 2018. The new standards have no material impact on the Group's financial statements.

The new standards and interpretations applicable on a mandatory basis for fiscal years beginning on or after January 1, 2018, mainly relate to:

1. IFRS 15 – *Revenue from Contracts with Customers*: published in May 2014, provides a new framework for recognizing revenue. IFRS 15 replaces the standards on revenue recognition, in particular IAS 18 - *Revenue*, IAS 11 – *Construction Contracts* and the associated interpretations. The standard establishes a

principle for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration to be entitled to in exchange for those goods or services.

The standard is applicable to annual periods beginning on or after January 1, 2018, and is permitted to be applied retrospectively using one of two methods: either by calculating the cumulative effect of the new method at the opening date of initial application, or by restating the comparative periods presented. The standard also requires new disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The transition to IFRS 15 has not resulted in any impact on our financial position, results of operations and cash flows for the six months ended June 30, 2018.

2. IFRS 9 – *Financial Instruments*: modifies the recognition and measurement for hedging operations and the major accounting categories of financial assets and liabilities. IFRS 9 also modifies the recognition of credit risk on financial assets by considering expected losses versus the losses incurred. The effect of the adoption of IFRS 9 on shareholder’s equity as a result of the 12 month expected credit loss reserve has a marginal impact and the retained earnings as of January 1, 2018, has not been restated.

1.2.2 New standards, amendments and interpretations not adopted early

The recently released standards and amendments whose application is not mandatory for the period ended June 30, 2018 and which the Group has decided not to apply in advance are:

IFRS 16 –- *Leases* (January 1, 2019): this standard on the accounting for leases will be applicable for reporting periods beginning January 1, 2019. It is to be applied retrospectively either on the first application date or on the opening date of the comparative year presented. This standard mainly changes the accounting for leases of tenants with the recognition of an asset and a liability representing the right to use upon delivery of the leased asset by the lessor. The standard thus introduces a new basis of separation between contracts with suppliers, based on a new accounting definition of a lease and a service contract. We launched a project in 2017 to identify and analyze the contracts subject to application of IFRS 16. While the Company continues to assess all potential impacts and transition provisions of this standard, the Company believes that the most significant impact will be related to the accounting for operating leases associated with office space (see Note 21.1 for a breakdown of commitments related to operating leases). At this time, a quantitative estimate of the effect of the new standard has not been determined, but the Company anticipates a material impact to its statements of financial position due to the recognition of the present value of unavoidable future lease payments as lease assets and lease liabilities. The measurement of the total lease expense over the term of the lease is unaffected by the new standard; however, the required presentation on our consolidated statements of income will result in lease expenses being presented as depreciation of lease assets and finance costs rather than being fully recognized as general and administrative costs.

The Group has not applied in advance any of the standards, interpretations and amendments whose mandatory application is subsequent to December 31, 2018.

1.3. Presentation of the statements

The Group presents one income statement by function, by highlighting the following:

- cost of sales (expenses necessary for project implementation),
- commercial costs, and
- general and administrative expenses.

In addition, in accordance with IAS 1, expenses are provided by nature in Note 5.

1.4. Scope and methods of consolidation

The Interim Consolidated Financial Statements include the statements of the parent company Valtech SE and all its significant subsidiaries, majority-owned or controlled directly or indirectly under IFRS 10 *Consolidation*.

The financial statements of each of the Group's companies are prepared in accordance with the accounting principles and regulations in force in their respective countries. They are adjusted to comply with the applicable accounting policies and principles of the Group.

The income (loss) of subsidiaries acquired or sold during the year is included in the consolidated net income of the Group from the effective date control is obtained or lost. The scope of consolidation is detailed in Note 1.27 to our interim consolidated financial statements.

Subsidiaries full consolidation

Pursuant to IFRS 10 Consolidated Financial Statements, three criteria must be met simultaneously in order to determine the exercise of control of an entity by the parent company over its subsidiaries

- The parent company has power over the subsidiary when it has effective rights that give it the ability to direct the relevant activities - i.e., the activities that significantly affect the subsidiary's returns. Power may arise from existing and/or potential voting rights and/or contractual arrangements. Voting rights must be substantial - i.e., they must be able to be exercised when decisions about the relevant activities are to be made without limitation and particularly in decision-making on relevant activities. Assessing how much power is held depends on the subsidiary's relevant activities, its decision-making process and the way the rights of its other shareholders are distributed;
- The parent company is exposed or entitled to variable returns due to its connections to the subsidiary, which may vary according to its performance. The concept of return is defined broadly, and includes dividends and other forms of distributed financial benefits, the valuation of the investment, cost savings, synergies, etc.;
- The parent company has the ability to use its power to affect the subsidiary's returns. Any power that does not entail this kind of influence does not qualify as control

1.5. Use of estimates

To prepare the Group's financial statements under IFRS, Valtech's management must make estimates and assumptions that may affect the financial statements of future fiscal years. Management revises its estimates and assessments on a regular basis to take into account past experience and other factors deemed relevant in light of economic conditions. Depending on the evolution of these different assumptions or conditions, the amounts in future financial statements may differ from current estimates.

Future facts and circumstances could lead to changes in these estimates or assumptions, which would affect the Group's financial condition, results of operations and cash flows.

Such estimates and assumptions are related to the following:

- recognition of revenue,
- allowance for uncollectible accounts receivable,
- goodwill, subject to impairment testing, which is based primarily on assumptions of future cash flows, discount rates and terminal values based on rates of long-term growth,
- capitalization of development costs,
- share-based payment,
- recognition of deferred tax assets related to tax loss carry forwards

The Interim Consolidated Financial Statements reflect the best estimates based on information available on the date such statements are authorized.

1.6. Business combinations and accounting for goodwill

Business combinations

Business combinations are accounted for using the acquisition method whereby the assets acquired and the liabilities and contingent liabilities assumed are measured at their fair value on the acquisition date in accordance with the requirements of the revised IFRS 3 standard (“IFRS 3R”): “Business combination”

The evaluation of the purchase price, including, where appropriate, the estimated fair value of contingent considerations, is completed within twelve months following the acquisition. In accordance with IFRS 3R, any adjustments of the purchase price beyond the twelve-month period are recognized in the consolidated statements of income (loss).

On the acquisition date, the goodwill corresponds to the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree minus the net amounts (usually at fair value) of the identifiable assets acquired and the liabilities assumed at the acquisition date. Goodwill is subject to annual impairment tests or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

Transaction costs directly attributable to an acquisition are recorded as expenses in the period during which the costs are incurred, expect for the borrowing costs, which must be recorded in accordance with IAS 32 - Financial Instrument: Presentation and IAS 39 - Financial Instruments: Recognition and Measurement.

Contingent consideration or earn-outs are recorded in equity if the contingent payment is settled by delivery of a fixed number of the acquirer’s equity instruments (according to IAS 32). In all others cases, they are recognized in liabilities related to business combinations. Contingent consideration or earn-outs are measured at fair value at acquisition date. This initial measurement is subsequently adjusted through goodwill only when additional information is obtained after the acquisition date about facts and circumstances existing on that date. Such adjustments are made only during the 12-month measurement period that follows the acquisition date. Any other subsequent adjustments are recorded through the income statement.

Accounting for goodwill

Goodwill is allocated to cash generating units, or "CGUs”. These units correspond to entities whose economic activity generates cash flows that are largely independent of each other. These may be geographical areas but also business lines.

Goodwill is recognized in the currency of the acquired company in accordance with revised IFRS 3R.

Goodwill is not amortized, but is subject to impairment testing whenever there is any indication that an asset may be impaired, and at least once a year in accordance with the methods and assumptions described in Note 1.7 to our interim consolidated financial statements.

1.7. Impairment tests (IAS 36)

The Group conducts regular impairment testing of assets (tangible assets, goodwill and other intangible assets). These tests consist of comparing the carrying value of assets to their recoverable amount, which is defined as the greater of the asset fair value less costs to sell, and the value in use, estimated by the net present value of the future cash flows generated by the asset.

For tangible and intangible assets with finite lives, this impairment test is performed whenever indicators of impairment are observable.

For goodwill and other intangible assets with indefinite lives, an impairment test is performed each year, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The carrying amount of assets is compared with the net present value of future cash flows excluding financial expenses.

The method projects to perpetuity a normative amount with a growth rate. The discount rate applied to those cash flows corresponds to the average cost of capital for each CGU.

In case the annual impairment test reveals a recoverable amount lower than the carrying amount, an impairment is recognized to reduce the book value of the asset or of the goodwill to its recoverable amount. If the recoverable amount of an intangible (excluding goodwill) or tangible asset appreciates in subsequent years and the recoverable amount exceeds the carrying amount, any impairment losses recognized during prior years is reversed in the consolidated statement of income (loss).

The impairment losses recognized on goodwill may not be reversed in the consolidated statement of income (loss).

1.8. Intercompany transactions

All intercompany transactions between the consolidated companies are eliminated.

1.9. Transactions in foreign currencies

The functional currency of the parent company is the euro.

The income and expenses related to foreign currency transactions are recorded at their euro equivalent based on the exchange rate on the date of the transaction. Assets and liabilities in foreign currencies are converted at the closing rate and the exchange differences resulting from this conversion are recognized in the consolidated statement of income unless they relate to assets and liabilities hedged items. In this case the difference is recorded directly in equity.

1.10. Conversion of financial statements of foreign subsidiaries

Assets and liabilities of foreign subsidiaries are converted at the exchange rate at the closing date of each reporting period. The statement of income is converted at the average exchange rate for the period. The resulting conversion difference is recorded directly in equity under ‘Foreign currency translation reserves’. This difference impacts the consolidated statement of income if there is a subsequent sale of the entity. At such point in time, the related foreign currency translation adjustment is recycled through the statement of income (loss).

1.11. Other intangible assets

Software and user rights acquired under full ownership, software developed for internal use as well as development of new or enhanced services, which are expected to generate future cash flows, are capitalized and amortized over a period from 3 to 5 years.

The capitalized development costs of either a software developed for internal use or an internal project are those directly associated with their production, which primarily consists of expenses related to salary costs of personnel who developed the software or the internal project.

An intangible asset that results from the development of an internal project is recorded if the Group can demonstrate that all of the following conditions have been met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention of completing the intangible asset to use or sell it;
- Its ability to use or sell the intangible asset;

- The capacity of the intangible asset to generate probable future economic benefits;
- Among other things, the Group may demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, its usefulness;
- The availability of adequate technical, financial and other resources to complete the development, and to use or sell the intangible asset;
- Its ability to reliably measure the expenditures attributable to the intangible asset during its development.

1.12. Tangible assets

The tangible assets are recorded under assets in the statement of financial position at historical amortized cost, minus any impairment. They are not subsequently revalued.

Depreciation is calculated using the straight line method over the estimated useful lives of the different asset categories. It is calculated on the basis of the purchase price, minus any residual value. The assets are depreciated over their expected life, as follows:

• Fixtures, fitting, technical facilities: depending on term of the real estate lease agreement

• Hardware 3-5 years

• Furniture 5-7 years

1.13. Leases

Financial leases

Leases of assets, having an effect of transferring to the Group substantially all the risks and economic benefits related to ownership, are accounted for as financial leases. Assets acquired in the form of finance leases are depreciated over the shortest period between the useful life of the asset and the lease term.

Operating leases

Leases where the lessor substantially retains all the risks and economic benefits related to ownership are classified as operating leases. Payments under the leases (net of discounts or rebates received by the lessor) are recorded as operating expenses over the lease period on a straight-line basis. In accordance with SIC 15, *Operating leases - Incentives*, concerning advantages granted by the lessor to the lessee under operating leases, the Group recognizes the benefits accrued under the rent-free periods as a reduction of rental expense over the lease term.

1.14. Accounts receivable and de-recognition of financial assets

Accounts receivable are recorded at nominal value, which generally approximates their fair value.

Doubtful accounts receivables are subject to provision allowances determined according to the forward-looking Expected Credit Loss model, considering historic, current & forward-looking information when recognizing impairment charges (provision for bad debts).

The Group regularly enters into agreements to assign, sell or transfer receivables in certain countries:

- When the risks associated with trade receivables are not transferred in substance to third parties such as financing institutions, the trade receivables are retained on the balance sheet under receivables, and a financial liability is recorded as short-term financial liability.

- When the risks associated with trade receivables are transferred to third parties such as financing institutions, cash received is recognized as cash and cash equivalents and the receivables assigned, sold or transferred are derecognized in the statement of financial position.

1.15. Investments and other financial assets

From January 1, 2018, the Group classifies its financial assets in the following measurement categories:

• those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss), and

• those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows**.**

For assets measured at fair value, gains and losses will either be recorded in OCI or profit or loss . For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The recognition and measurement of financial assets and liabilities is governed by IFRS 9 - *Financial Instruments*.

The Group determines the classification of its financial assets. In the statement of financial position, financial assets are classified in accounts receivable and related accounts, other current assets and cash and cash equivalents. Financial investments in third parties are classified as long term receivables from associates. Joint ventures and third parties are classified as loans and receivables; derivative assets are regarded as held for hedging unless they do not meet the strict hedging criteria under IFRS 9.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statements of income (loss).

FVOCI: Assets that are held for collection of contractual cash flows and/or for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the consolidated statements of income (loss).

FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instrument

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

1.16. Derivatives and hedging

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income (expenses).

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument. Until December 31, 2017, the Group classified foreign currency options as held-for-trading derivatives and accounted for them at FVPL.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognized within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

1.17. Cash and cash equivalents

In accordance with IAS 7 - *Cash Flow Statements*, cash and cash equivalents presented in the consolidated statement of cash flows include cash (cash on hand and demand deposits) and cash equivalents (short-term, highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of change in value).

Investments with initial maturity over three months without possibility of early termination as well as bank accounts subject to restrictions (escrow accounts) other than those related to regulations specific to individual countries or sectors (exchange controls, etc.) are excluded from cash and cash equivalents in the statements of cash flows.

1.18. Provisions for retirement and related benefits

Obligations related to defined-benefit pension plans are provided in the consolidated statement of financial position for both current and former employees (people with deferred stock unit plans and pensioners). They are determined as per the projected unit credit method under IAS 19 - *Employee Benefits* (“IAS 19”) on the basis of actuarial assessments made at each year end. The actuarial assumptions used to determine the obligations vary, depending on the economic conditions of the country or on the monetary zone in which the plan is in force. The accounting for each plan is carried out separately.

Under the provisions of IAS 19, for defined-benefit plans financed under external management (pension funds), the excess or deficiency of the fair value of assets compared to the present value of obligations is recognized under the assets or liabilities of the consolidated balance sheet. This recognition is subject to the capping rules of the assets and the minimum funding requirements set out by IFRIC 14.

The expense recognized in the operating result during each period includes the cost of services rendered and the effects of any change, reduction or settlement. The impact of interest recognized on the actuarial debt and the interest income on plan assets is recognized under other financial income and expenses in the consolidated statement of income. Interest income on plan assets is calculated using the discount rate of the obligation for defined-benefit plans.

The revaluation impacts of the net liability related to defined-benefit pension plans (when appropriate, of the asset) are recognized in other comprehensive income. They include:

- Actuarial gains and losses on the commitment resulting from changes in actuarial assumptions and experience adjustments (differences between the retained actuarial assumptions and observed reality);

- Outperformance (underperformance) of the plan assets, i.e. the difference between the actual return on plan assets and their remuneration calculated based on the discount rate of actuarial debt; and

- The change in the effect of the asset ceiling.

1.19. Share-based payment

Certain employees and board members of the Group can benefit from share warrants (redeemable equity warrants).

The redeemable equity warrants are valued at fair value at grant date using financial valuation methods.

The cost thus determined is recorded as personnel expenses over the vesting period with a corresponding increase in equity in accordance with IFRS 2: *Share-based payment.*

1.20. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Measurement of the provisions is revised if the impact is considered significant.

In accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), the recognition criteria for accounting for a restructuring reserve are (i) the company has an obligation towards a third party at the statement of financial position date, (ii) it is probable (more likely than not) that a liability (future outflow to settle the obligation) has been incurred, and (iii) this liability can be reasonably estimated.

To meet such criteria when reserving for restructuring actions, we consider that the appropriate level of management must approve the restructuring plan and must announce it by the date of the statement of financial position, specifically identifying the restructuring actions to be taken (for example, the number of employees concerned, their job classifications or functions and their locations). Before the statement of financial position date, detailed conditions of the plan must be communicated to employees, in such a manner as to allow an employee to estimate reasonably the type and amount of benefits he/she will receive. Also, the related restructuring actions that are required to be completed must be estimated to be achievable in a relatively short (generally less than 1 year) timeframe without likelihood of change.

Restructuring costs primarily refers to severance payments, early retirement, costs for notice periods not worked, training costs of terminated employees, costs linked to the closure of facilities or the discontinuance of product lines and any costs arising from plans that materially change the scope of the business undertaken by the Group or the manner in which such business is conducted.

Other costs (removal costs, training costs of transferred employees, etc.) and write-offs of fixed assets, inventories, work in progress and other assets, directly linked to restructuring measures, are accounted for as incurred (as linked to ongoing activities), in restructuring costs in the statement of income.

1.21. Revenue recognition

The revenue corresponds to the amount of the services provided by the Group and the income from sale of licenses. The method of recognition of revenue depends on the nature of services:

• Time and materials service

If the contract includes an hourly fee (time and materials), revenue is recognized in the amount to which Valtech has a right to invoice, according to IFRS 15- *Revenue from Contracts with Customers*. Customers are normally invoiced on a monthly basis and consideration is payable when invoiced.

• Fixed price projects

For fixed price projects with a contractual obligation to deliver a specific outcome, revenues and expenses are recorded in accordance with IFRS 15 - *Revenue from Contracts with Customers.* The core principle of IFRS 15 is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected to be entitled in exchange of those goods and services. Revenue is recognized when a performance obligation is satisfied, i.e, when control of the service is transferred to the customer. For fixed price projects, revenue is recognized over time, since the performance does not create an asset with alternative use and there is an enforceable right to payment for performance completed to date.

When the result of a contract can be estimated reliably, income and expenses are recorded depending on the stage of completion of the contract at the closing date.

When the result of a contract cannot be estimated reliably, revenue is recorded to the extent of the costs incurred if it is likely that these costs will be recovered. When the projected cost price of a contract exceeds the contractual revenue, a provision for onerous contract is recorded for the extent of the difference.

Stage of completion is calculated monthly by comparing costs of completed work hours against total estimated costs of work hours to finalize the project.

1.22. Accounting for government grants

Government grants that compensate the expenses incurred by the Group are recorded under IAS20 as operating income in the statement of income for the period in which expenses were incurred. It relates primarily to research and development tax credits in France (*Crédit d'Impôt Recherche*).

In the Netherlands, Innovation box allows companies to benefit from an effective tax rate of only 7% for income from intangible assets, if certain criteria are met. The effect of Innovation box is reported in the line item "income tax expense" in the statement of income.

1.23. Other income and expenses

Other income and expenses includes gains from disposal of tangible and intangible assets. It excludes income (loss) related to discontinued operations, impairment of assets and restructuring costs.

1.24. Taxes

Income tax expense

For interim financial statements, the tax expense or tax income on profit or loss is determined in accordance with IAS 34, based on the best estimate of the annual average tax rate expected for the full fiscal year, restated for non-recurring items (which are recorded in the period as incurred).

Deferred taxes

Deferred taxes are computed in accordance with the liability method for all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts, including the reversal of entries recorded in individual accounts of subsidiaries solely for tax purposes. All amounts resulting from changes in tax rates are recorded in equity, net income (loss), or other comprehensive income for the year in which the tax rate change is enacted.

Deferred tax assets are recorded in the consolidated statement of financial position when it is probable that the tax benefit will be realized in the future. Deferred tax assets and liabilities are not discounted.

To assess the ability of the Group to recover deferred tax assets, the following factors are taken into account:

· existence of deferred tax liabilities that are expected to generate taxable income, or limit tax deductions upon reversal;

· forecasts of future operating results;

· the impact of non-recurring costs included in income or loss in recent years that are not expected to be repeated in the future;

· historical data concerning recent years' tax results; and

· if required, tax planning strategy, such as a planned disposal whose values are higher than their book values.

1.25. Earnings per share

In accordance with IAS 33 - Earnings per share, basic and diluted earnings per share are calculated using the weighted average number of outstanding shares during the year, less the average number of treasury shares and deducted from equity.

The earnings per diluted share takes into account, if necessary, a dilutive effect under the ‘treasury stock method’.

1.26. Non-current assets held for sale

IFRS 5 - *Non-Current Assets Held for Sale and Discontinued Operations* sets out the accounting treatment applicable to assets held for sale and presentation and disclosure requirements for discontinued operations. The assets and liabilities that are immediately available to be sold, and whose sale is highly probable, are classified as assets and liabilities held for sale. When multiple assets are held for sale during a single transaction, we consider the Group of assets as a whole, along with the associated liabilities.

Assets or Groups of assets held for sale are valued at the lowest amount between the net book value and the net fair value less the cost of sale.

Non-current assets classified as held for sale are no longer amortized.

1.27. Presentation of the scope of consolidation

The Interim Consolidated Financial Statements of Valtech SE and its subsidiaries on June 30, 2018 and December 31, 2017, include the statements of the companies listed in the table below:

Valtech SE

Country	Scope	% of interest June 30, 2018	% of interest December 31, 2017	Acq. or creation date	Consolidation method
United Kingdom	Valtech S.E.			Parent company	
	Valtech Ltd.	100%	100%	1996	Full consolidation
	Valtech Inside	100%	100%	2016	Full consolidation
	El Chalten Ltd	100%	100%	2017	Full consolidation
	Non Linear Creations UK Ltd	100%	100%	2017	Full consolidation
	True Clarity Ltd	100%		2018	Full consolidation
Argentina	Valtech Digital SA	100%	100%	2016	Full consolidation
Australia	Valtech Holdings Australia	100%	100%	2014	Full consolidation
	Valtech Digital Australia (formerly Neon Stingray)	100%	100%	2014	Full consolidation
Brazil	Non Linear Brasil Technologica Ltda	100%	100%	2017	Full consolidation
Canada	Valtech Canada (formerly W.illi.am)	100%	100%	2015	Full consolidation
	Valtech Digital Canada (formerly Non Linear Creations)	100%	100%	2017	Full consolidation
China	Valtech Digital China Co. Ltd.	100%	100%	2016	Full consolidation
Denmark	Codehouse A/S (1)		100%	2017	Full consolidation
	Valtech A/S	100%	100%	2000	Full consolidation
France	Valtech Training	100%	100%	2002	Full consolidation
	Valtech Global Projects	100%	100%	2006	Full consolidation
Germany	Valtech Services GmbH (no operations)	100%		2018	Full consolidation
	Valtech Mobility GmbH (no operations)	51%		2018	Full consolidation
	Valtech GmbH	100%	100%	1999	Full consolidation
Hong Kong	Valtech HK ltd (no operations)	100%	100%	2010	Full consolidation
India	Valtech India Systems Private Ltd	100%	100%	1997	Full consolidation
Netherlands	Valtech BV (formerly eFocus)	100%	100%	2016	Full consolidation
Singapore	Valtech Digital Singapore	100%	100%	2014	Full consolidation
Sweden	Valtech AB	100%	100%	1999	Full consolidation
	Neon Stingray Scandinavia AB	100%	100%	2014	Full consolidation
Switzerland	Valtech Digital Switzerland	100%	100%	2014	Full consolidation
Ukraine	Valtech LLC	100%	100%	2017	Full consolidation
USA	Valtech Inc.	100%	100%	1997	Full consolidation
	Valtech Solutions	100%	100%	2010	Full consolidation
	Valtech Services (2)	100%	100%	2014	Full consolidation
	Non Linear Creations Inc	100%	100%	2017	Full consolidation

(1) Codehouse A/S has been merged with Valtech A/S as of January 1, 2018.
(2) Business activity in Valtech Services was sold in 2016.

NOTE 2 – Major events of the period

2.1. Year 2017

2.1.1. Simplified tender offer

On January 9, 2017, Valtech SE's controlling shareholder, SiegCo, which held, in conjunction with the Group Verlinvest, 91,40% of the capital, presented a project for a simplified tender offer for Valtech shares, at a price of €12.50 per share, to Valtech's Board of Directors, which approved it.

In accordance with the applicable regulations, SiegCo, via Oddo & Cie, filed with the French Financial Markets Authority (Autorité des Marchés Financiers) on January 10, 2017, a simplified tender offer for the existing shares not held by SiegCo or Verlinvest.

When the Offer was actually open on February 2, 2017, Siegco and Verlinvest held together 93,79% of the capital. Therefore, the Offer covered a maximum of (i) 1.653.104 existing shares, representing 6,3% of the capital and theoretical voting rights of Valtech and (ii) 308.056 shares which might be issued upon exercise of warrants, i.e. a maximum number of 1.961.160 shares.

In compliance with Section 75 of Valtech's statutes, the Offer allowed the possibility for Siegco to ask for the issuance of a Remainder Sale Notice, pursuant to which the remaining minority shareholders could be requested to sell their shares to Siegco at the price of the Offer, i.e. at €12.50 per share.

After the Offer which was open from February 2 to 15, 2017, and the enforcement of the Compulsory Transfer Clause, Siegco and Verlinvest held 100% of Valtech SE 's capital.

The Company was delisted on March 8, 2017 from the Euronext Stock Exchange.

2.1.2. Acquisition of the company People Interactive (Germany)

On January 30, 2017, Valtech acquired the German company People Interactive. Founded in 1999, in Cologne, Germany, People Interactive is a digital creative agency, employing 80 employees and generating €10 million in revenue for the year ended December 31, 2016.

People Interactive is consolidated in the Valtech accounts as of February 1, 2017. Pursuant to the purchase agreement, Valtech paid the sellers €6.5 million upon closing with an additional €0.9 million holdback payment and subsequently paid them €3.6 million in shares of Valtech SE. Subject to certain exceptions and the achievement of certain targets, the sellers are also entitled to receive €3.1 million in cash, of which €2.4 million was paid in December 2017 and the remaining €0.7 million in March 2018. The correction of the estimated earn-out has generated an income of €720 thousand in “other income and expense” of the statement of income in the second half year 2017. The total consideration is €14.1 million.

The determination of the fair value of assets acquired and liabilities assumed has been finalized. The fair value of net assets acquired amounts to €4.446 thousand, out of which €3.766 thousand relate to intangible assets identified when performing the purchase price allocation analysis. The goodwill resulting from this transaction is €10.4 million (see note 9 to our interim consolidated financial statements).

People Interactive has merged with Valtech GmbH as of July 1, 2017.

2.1.3 Acquisition of the company El Chalten (United Kingdom)

On March 31, 2017, Valtech acquired the British company El Chalten Ltd, a company based in Ukraine develop8ing ecommerce engines for a variety of customers with around 100 employees at the time of the acquisition. El Chalten Ltd is consolidated in the Valtech accounts as of April 1, 2017. Pursuant to the purchase agreement, Valtech paid the sellers €0.9 million upon closing with an additional €0.5 million holdback payment. An additional €1.2 million has been paid in shares of Valtech SE. The determination of the fair value of assets acquired and liabilities assumed is finalized, and when performing the purchase price allocation analysis no value related to intangible assets has been identified. The goodwill resulting from this transaction amounts to €2.6 million (see note 9 to our interim consolidated financial statements).

2.1.4. Acquisition of Non-Linear Group

On June 1, 2017, Valtech acquired the company Non-Linear, with offices in three countries, Canada, Brazil and United Kingdom. Non-Linear is a digital agency with 80 employees and digital experience around Sitecore solutions and Microsoft. Nonlinear is consolidated in the Valtech accounts as of June 1st, 2017. Pursuant to the purchase agreement, Valtech paid the sellers €4.5 million upon closing with an additional €0.5 million holdback payment. An additional €3.3 million will be paid in shares of Valtech SE on or before December 31, 2019. The total consideration is €8.3 million. The determination of the fair value of assets acquired and liabilities assumed has been finalized. The fair value of net assets acquired amounts to amount to €3.086 thousand, out of which €2.388 thousand relates to intangible assets identified when performing the purchase price allocation analysis. The goodwill resulting from this transaction amounts to be €5.3 million (see note 9 to our interim consolidated financial statement).

2.1.5. Acquisition of the company Codehouse A/S (Denmark)

On November 1, 2017, Valtech acquired the company Codehouse A/S in Denmark. Codehouse has a team of 21 people working on Sitecore, with offices in Denmark. Codehouse is consolidated in the Valtech accounts as of November 1, 2017. Pursuant to the purchase agreement, Valtech paid the sellers €0.8 million upon closing with a €0.6 million holdback payment and an additional €0.9 million escrow payment. An additional €1.0 million was paid in shares of Valtech SE in January, 2018. Correction based on key performance index targets not being fully met has generated an income of €27 thousand in “other income and expense” in the interim consolidated statements of income The total consideration is €3.2 million. The determination of the fair value of assets acquired and liabilities assumed is ongoing. The preliminary fair value of net assets acquired is estimated at €913 thousand, out of which €684 thousand relate to intangible assets identified when performing the purchase price allocation analysis. The preliminary goodwill resulting from this transaction is estimated at €2.2 million (see note 9 to our interim consolidated financial statement).

Valtech also agreed to issue a total of 4,000 warrants at the time of its next warrant grant. These warrants will have similar features to those already issued (see Note 20).

Codehouse A/S has merged with Valtech A/S as of January 1, 2018.

2.1.6. Increase in capital

On April 27, 2017, the Board of Valtech issued 784.264 new shares (€15 per share), as part of the payment for the acquisitions of Neon, Graion, eFocus, People Interactive and El Chalten. The issue of new shares meant a capital increase of €11.763.960.

Total capital increase regarding issue of new shares amounts to €11.764 thousand, of which €98 thousand has increased the capital and €11.666 increased additional paid in capital. Net increase in additional paid in capital amounts to €874 thousand, and corresponds to €11.666 thousand minus the put options given to the sellers in the business combinations at €10.792 thousand, net €874 thousand.

2.1.7. Listing of bonds

On July 24, 2017, the Bonds (issued on July 27, 2016 for a total nominal amount of €42,5 million) have been listed on the Euro MTF market. The Euro MTF market is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments.

2.1.8. New issue and listing of bonds

On October 17, 2017, Valtech issued bonds in principal amount of €33 million The bonds bear a fixed annual interest rate of 4,5% and matures in October 2024. The purpose of the issue is to support Valtech´s future growth. On March 20, 2018, the notes were admitted to trading on the Luxembourg Stock Exchange's Euro MTF.

2.2. First six months of year 2018

2.2.1. Acquisition of the company True Clarity Ltd (United Kingdom)

On February 9, 2018, Valtech acquired True Clarity Limited, a digital web services company, with offices in Bristol and London.

True Clarity is consolidated in the Valtech accounts as of February 1, 2018. Pursuant to the purchase agreement, Valtech paid the sellers €9.1 million upon closing with an additional €2.2 million holdback payment and subsequently paid them €7.3 million in shares of Valtech SE, subject to certain exceptions and the achievement of certain targets. Shares may be bought back (for an aggregate amount of 1 pound) by Valtech if the targets are not met. The total consideration is €18.6 million.

The determination of the fair value of assets acquired and liabilities assumed is ongoing. The preliminary fair value of net assets acquired amounts to €7.560 thousand, out of which €6.127 thousand relate to intangible assets identified when performing the purchase price allocation analysis. The preliminary goodwill resulting from this transaction is €10.9 million.

Valtech also agreed to issue a total of 25,000 warrants to certain key employees within a year of closing. These warrants will have similar features to those already issued (see Note 20).

2.2.2. Increase in capital

On January 10, 2018, the Board of Valtech decided to issue 59.268 new shares at €16 per share as payment for the acquisition of Codehouse A/S, leading to a capital increase of €948,288.

On January 30, 2018, the Board decided to issue 457.480 new shares at €16 per share as payment for the contingent consideration of the acquisition of True Clarity Ltd, leading to a capital increase of €7,319,680.

2.2.3. Signing of Joint Venture Agreement with Audi Electronics Venture GmbH

On March 27, 2018, our German subsidiary Valtech GmbH entered into a Joint Venture Agreement with Audi Electronics Venture GmbH. The general business objective of the joint-venture partners is to establish a long-term cooperation concerning the development and providing of competitive digital products and enablers using a joint-venture utilizing common synergies which are not possible on a stand-alone basis.

The joint-venture Valtech Mobility GmbH was formed on June 29, 2018, owned 51% by Valtech GmbH and 49% by Audi Electronics Venture GmbH (AEV). On that date AEV contributed €7.5 million in cash and Valtech GmbH contributed €2.7 million to Valtech Mobility.
On July 1, 2018, pursuant to the Joint Venture Agreement, Valtech GmbH will transfer to the joint-venture a digital mobility business unit with approximately 170 employees at a book value of €5.1 million. The

operations will commence July 1, 2018 and the new company will be fully consolidated in the Valtech accounts from this date.

NOTE 3 – Segment information

For each of the periods presented, the operational monitoring of the Group's business by senior management was mainly based on geographic location. Business segments can incorporate several countries.

Each business segment has its own operational management and is homogeneous in terms of laborcosts and type of clients.

A business segment combines all businesses of the concerned geographical area: the business of outsourcing towards other business lines of the Group (which is eliminated as intercompany transactions) as well as business provided to external third parties. The different business segments of the Group cover similar operations.

Exceptions to this principle are France and the UK where two segments exist: a sector for France and the UK for the operational business conducted in these geographic areas and a corporate sector for the management's activities. First-level segment reporting corresponds to the countries in which the Group operates:

- Corporate headquarters activities (Corp.)
- France (FR)
- Sweden (SW)
- Denmark (DK)
- United Kingdom (UK)
- Germany (GE)
- Netherlands (NL)
- United States (USA)
- Canada (CA)
- India (IN)
- Australia (AU)
- Argentina (AR)
- Switzerland (CH)
- Singapore (SG)
- Brazil (BR)
- Ukraine (UA)
- China (CN)

Given their low individual importance, the business in Australia, Argentina, Singapore, Brazil, Ukraine, China and Valtech Global Projects are grouped under the category "Others" in the table below.

Intercompany transactions are eliminated and reported in the table below in the category "Interco elim."

The Group's business segment information on June 30, 2018 and 2017 is presented as follows:

Valtech SE

	30/6/2017													
	Corp.	FR	SW	DK	UK	GE	NL	USA	CA	IN	CH	Others (2)	Interco elim.	Total
Revenue with third parties	-	12,077	16,532	7,886	14,639	26,032	12,197	11,844	3,837	652	2,125	6,866		**114,687**
Intercompany revenue (1)	70	1,225	269	1,210	93	463	901	831	140	4,734	20	2,036	(11,992)	-
Total revenue	**70**	**13,302**	**16,801**	**9,096**	**14,732**	**26,495**	**13,098**	**12,675**	**3,977**	**5,386**	**2,145**	**8,902**	**(11,992)**	**114,687**
Operating result	**(1,352)**	**386**	**1,289**	**1,094**	**1,199**	**2,256**	**704**	**(696)**	**217**	**175**	**70**	**(2,017)**	-	**3,325**
Income before tax from continuing operations	**(2,181)**	**375**	**1,296**	**1,106**	**1,180**	**2,252**	**698**	**(1,140)**	**70**	**9**	**21**	**(2,110)**	-	**1,576**
Income tax income and (expense), net	**(10)**	**(6)**	**(319)**	**(248)**	**(207)**	**(768)**	**(115)**	**(15)**	**(88)**	**(9)**	**-**	**(20)**	-	**(1,805)**
Goodwill (net value) December 31, 2017	-	**2,037**	**690**	**2,692**	**-**	**12,395**	**11,418**	**4,423**	**6,233**	**2,677**	**-**	**3,852**	-	**46,417**
Intangible, Tangible and Financial assets, December 31, 2017	**3,617**	**1,354**	**1,016**	**1,941**	**2,760**	**4,994**	**8,018**	**3,278**	**1,643**	**1,406**	**122**	**1,060**	-	**31,209**
Average workforce	-	**185**	**234**	**95**	**95**	**247**	**196**	**116**	**72**	**488**	**9**	**199**	-	**1,936**

	30/6/2018													
	Corp.	FR	SW	DK	UK	GE	NL	USA	CA	IN	CH	Others (2)	Interco elim.	Total
Revenue with third parties	-	12,037	17,715	10,122	17,667	35,390	14,325	10,105	6,820	904	1,548	9,968	-	**136,601**
Intercompany revenue (1)	-	1,489	213	1,527	222	441	850	1,108	284	4,794	27	3,579	(14,534)	-
Total revenue	-	**13,526**	**17,928**	**11,649**	**17,889**	**35,832**	**15,176**	**11,213**	**7,103**	**5,698**	**1,575**	**13,547**	**(14,534)**	**136,601**
Operating result	**(2,285)**	**1,358**	**1,919**	**1,325**	**1,066**	**4,597**	**887**	**(1,163)**	**746**	**478**	**325**	**618**	-	**9,872**
Income before tax from continuing operations	**(3,763)**	**1,325**	**1,894**	**1,320**	**944**	**4,579**	**885**	**(1,226)**	**708**	**850**	**346**	**541**	**-**	**8,403**
Income tax income and (expense), net	**(7)**	**(155)**	**(414)**	**(340)**	**(181)**	**(1,433)**	**(167)**	**9**	**(204)**	**(258)**	**-**	**(290)**	**-**	**(3,440)**
Goodwill (net value)	-	**2,037**	**650**	**2,779**	**10,838**	**12,395**	**11,418**	**4,551**	**6,070**	**2,569**	**-**	**3,825**	**-**	**57,132**
Intangible, Tangible and Financial assets	**4,595**	**1,497**	**862**	**1,838**	**10,059**	**7,704**	**7,766**	**3,236**	**1,408**	**1,539**	**121**	**1,174**	**-**	**41,798**
Average workforce	-	**167**	**221**	**158**	**135**	**302**	**213**	**121**	**111**	**524**	**8**	**312**	**-**	**2,272**

(1) Intercompany revenues consist of revenues related to client projects and do not include revenues for corporate contribution and trademark fees invoiced from Valtech SE to its subsidiaries, nor re-billed expenses

(2) Operating income for Valtech Services US (business sold on January 1, 2016) is included in Others

NOTE 4 – Types of revenue

Revenue is derived primarily from providing business transformation services to the company's clients, including digital platform development and digital marketing. Revenue consists of digital transformation services revenue including reimbursable expenses, which primarily include travel and out-of-pocket costs that are billable to clients. Revenue reported as other revenue consists of revenue that is not related to the time worked on projects.

Valtech performs services primarily under time-and-material contracts and, to a lesser extent, fixed-price contracts as follows:

	Six months ended June 30, 2017	Six months ended June 30, 2018
Time and material	75.0%	72.9%
Fixed price	23.8%	26.2%
Other	1.2%	0.9%
Total revenue	**100.0%**	**100.0%**

NOTE 5 – Expenses by nature

(in thousand euros)

	Six months ended June 30, 2017			
	Cost of sales	**Commercial costs**	**Administrative costs**	**Total**
Staff costs	(55,448)	(5,608)	(10,384)	(71,440)
Subcontractor costs	(20,250)	(146)	(1,025)	(21,421)
Cost of warrants	(63)	-	(454)	(518)
Other employee benefits expense	(30)	-	39	10
Amortization & depreciation	(708)	(892)	(1,437)	(3,037)
Capitalized assets	1,111	30	548	1,689
Office rental costs	-	-	(3,824)	(3,824)
Other costs	(1,301)	(1,454)	(8,617)	(11,371)
Total	**(76,688)**	**(8,071)**	**(25,153)**	**(109,913)**

	Six months ended June 30, 2018			
	Cost of sales	**Commercial costs**	**Administrative costs**	**Total**
Staff costs	(64,302)	(5,462)	(12,222)	(81,985)
Subcontractor costs	(22,951)	(139)	(879)	(23,968)
Cost of warrants	(37)	-	(113)	(151)
Other employee benefits expense	(86)	-	(55)	(142)
Amortization & depreciation	(1,140)	(1,570)	(1,508)	(4,218)
Capitalized assets	830	-	129	959
Office rental costs	-	-	(4,387)	(4,387)
Other costs	(497)	(1,814)	(10,217)	(12,527)
Total	**(88,184)**	**(8,984)**	**(29,251)**	**(126,419)**

NOTE 6 – Restructuring costs and other income and expenses

(in thousands of euros)	Six months ended June 30, 2017	Six months ended June 30, 2018
Capital gains or (losses) on disposal of assets	(2)	(37)
Other non-recurring income / (loss) on Neon Stingray acquisition	(132)	-
Other	(759)	(115)
Other income and expenses (total)	**(893)**	**(152)**
Restructuring costs	(557)	(158)
Total	**(1,450)**	**(310)**

Restructuring costs for the six months ended June 2018, are mainly related to severance costs in the United States, France and the United Kingdom (total €293 thousand), and reversal of provision closure of office in Malmö (Sweden), subleased from June 2018 (reversal of €137 thousand). In the six months ended June 30, 2017, the restructuring costs mainly related to the merger of the German entities and severance costs in France.

The non-recurring expenses on acquisitions of €132 thousand for the 2017 period relate to the modification of the payment terms of the company Neon Stingray (Valtech Digital Australia), acquired in 2014.

Other expenses mainly refer to corrections in subsidiary in Brazil (€ 135 thousand in the 2018 period) and subsidiaries in the USA (€841 thousand in the 2017 period).

NOTE 7 – Financial result

(in thousands of euros)	Six months ended June 30, 2017	Six months ended June 30, 2018
Cost of gross financial debt	(948)	(1,802)
Interest income on cash and cash equivalents	39	22
Net cost of debt	**(909)**	**(1,780)**
Other financial income and expenses	6	1
Exchange differences	(846)	310
Other financial income and expenses, net	**(840)**	**311**
Financial result	**(1,749)**	**(1,469)**

Cost of gross financial debt mainly relates to our bonds issued in July 2016 and October 2017 (see Note 18.1).

NOTE 8 – Income taxes

8.1. Analysis of the tax expense

The tax expense can be analyzed as follows:

(in thousands of euros)	Six months ended June 30, 2017	Six months ended June 30, 2018
Current income tax	(2,024)	(3,995)
Change in deferred taxes	219	555
Total	**(1,805)**	**(3,440)**

8.2. Tax Reconciliation

(in thousands of euros)	Six months ended June 30, 2017	Six months ended June 30, 2018
Net income for the period	(1,027)	3,300
Tax expense	1,805	3,440
Earnings before tax	**778**	**6,740**
Theoretical tax income (expense) (1)	**(140)**	**(1,281)**
Impairment of goodwill		-
Other permanent differences	173	(192)
Deferred tax assets on tax loss carryforwards not recognized during the period	(2,129)	(1,323)
Other taxes	(45)	(134)
Effect of differences in tax rates between jurisdictions	336	(510)
Actual tax income (expense)	**(1,805)**	**(3,440)**

(1) Theoretical tax income (expense) based on 18% UK tax rate for the six months ended June 2017, and 19% UK tax rate for the six months ended June 2018.

The U.S Tax Cuts and Jobs Act (Tax Act) was enacted on December 22, 2017 and introduces significant changes to U.S income tax law. Effective in 2018, the Tax Act reduces the U.S statutory tax rate from 35% to 21%.

8.3. Deferred taxes

The breakdown by nature of deferred taxes is as follows:

(in thousands of euros)	31/12/2017	30/6/2018
Deferred taxes (asset)	2,008	1,972
Deferred taxes (liability)	(4,884)	(5,625)
Deferred taxes (net)	**(2,876)**	**(3,653)**

(in thousands of euros)	Intangible assets	Tax loss carryforwards	Others	Total
Net values on December 31, 2017	**(3,643)**	**1,606**	**(839)**	**(2,876)**
Items recognized in profit/loss	390		165	555
Translation adjustment	38	46	39	123
Items recognized in shareholders' equity	-		-	-
Business combination	(1,455)		-	(1,455)
Net values on June 30, 2018	**(4,670)**	**1,652**	**(635)**	**(3,653)**

Analysis of the deferred taxes by nature is as follows:

	31/12/2017			30/6/2018		
	DTA	DTL	**Total**	DTA	DTL	**Total**
Tax loss carryforwards	1,606	-	1,606	1,653	-	1,653
Intangible assets	-	(3,644)	(3,644)	-	(4,671)	(4,671)
Other elements	402	(1,240)	(838)	319	(954)	(635)
Deferred taxes (net)	**2,008**	**(4,884)**	**(2,876)**	**1,972**	**(5,625)**	**(3,653)**

DTA – Deferred tax assets, DTL – Deferred tax liabilities

Unrecognized deferred tax assets related to tax loss carry forwards amounts to €20.274 thousand and €18.951 thousand as at June 30, 2018 and December 31, 2017 respectively, and breaks down as follows:

(in thousands of euros)	31/12/2017	30/6/2018
Valtech SE	11,971	12,668
Valtech Training (France)	1,547	1,585
Valtech Solution, Inc	3,739	4,240
Valtech Digital Singapore	89	89
Valtech Australia	1,207	1,402
Valtech China	34	35
Valtech Global Project	73	-
Valtech Ukraine	97	73
Valtech Canada (Non Linear)	188	177
Valtech United Kingdom (Non Linear)	6	5
Total	**18,951**	**20,274**

NOTE 9 – Goodwill

9.1. Breakdown of the goodwill balance

Change in the goodwill balance over the periods presented is as follows:

(in thousand euros)	ADEA	Synaris	Majoris	Valtech A/S (1)	ACDSI	Kiara	Wi.il.am	Graion	Efocus	El Chalten (2)	Non Linear	Non Linear	Codehouse A/S (1)	True Clarity Ltd	Total
	USA	GE	IN	DK	FR	SW	CA	AR	NL	UK	CA	BR	DK	UK	Total
December 31, 2017	**4,423**	**12,395**	**2,677**	**445**	**2,037**	**690**	**1,708**	**548**	**11,418**	**2,554**	**4,525**	**749**	**2,248**	**-**	**46,417**
Business combination	-	-	-	90	-	-	-	-	-	-		-	-	10,924	11,014
Disposals	-	-	-	-	-	-	-	-	-	-		-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-		-	-	-	-
Foreign exchange fluctuations	128	-	(108)	(4)	-	(40)	(45)	(184)	-	244	(118)	(86)	-	(86)	(299)
Other	-	-	-	2,248	-	-	-	-		-	-	-	(2,248)	-	-
June 30, 2018	**4,551**	**12,395**	**2,569**	**2,779**	**2,037**	**650**	**1,663**	**364**	**11,418**	**2,798**	**4,407**	**663**	**-**	**10,838**	**57,132**

Key to country codes: GE: Germany, IN: India, DK: Denmark, FR: France. SW: Sweden, AU: Australia, AR: Argentina; NL: Netherlands, UK: United Kingdom, BR: Brazil; CA: Canada; UKR: Ukraine

(1) Codehouse A/S has been merged with Valtech A/S on January 1, 2018.

(2) El Chalten is a holding company based in United Kingdom with a subsidiary in Ukraine.

Acquisition of True Clarity (detailed in Note 2.2.1) resulted in an increase in the goodwill balance of €10.838 thousand as of and for the period ended June 30, 2018.

9.2. Business combinations

True Clarity Ltd

On February 9, 2018, Valtech acquired True Clarity Limited, a digital web services company, with offices in Bristol and London.

True Clarity is consolidated in the Valtech accounts as of February 1, 2018. Pursuant to the purchase agreement, Valtech paid the sellers €9.1 million upon closing with an additional €2.2 million holdback payment and subsequently paid them €7.3 million in shares of Valtech SE, subject to certain exceptions and the achievement of certain targets. Shares may be bought back (for an aggregate amount of 1 pound) by Valtech if the targets are not met. The total consideration is €18.6 million.

The determination of the fair value of assets acquired and liabilities assumed is ongoing. The preliminary fair value of net assets acquired amounts to €7.560 thousand, out of which €6.127 thousand relate to intangible assets identified when performing the purchase price allocation analysis. The preliminary goodwill resulting from this transaction is €10.9 million.

9.3. Impairment tests

In case of difference between the recoverable amount of the CGU and its book value, an impairment loss is recognized. It is allocated primarily to the goodwill.

The CGUs are determined in accordance with operational reporting and their recoverable amounts are determined based on a calculation of value in use. The values in use are calculated by discounting, at a discount rate per country, the pre-tax operating cash-flow forecasts (operating income + amortization +/- change in non-current provisions – operating investments +/- changes in working capital requirements on the business).

Cash-flow projections are made, generally for a period of 5 years based on the management forecasts. A terminal value is then determined on the basis of the capitalization to perpetuity of the cash-flow projections of the past.

Goodwill was subject to annual impairment testing as of December 31, 2017. No impairment expense was recognized during the six month ended June 30, 2018, as no event likely to lead to a loss in value occurred during the period.

NOTE 10 – Intangible assets

	Technology	Customer relationship	Software purchased	Capitalized development costs	Total
Gross amount					
As of December 31, 2017	851	14,680	6,336	4,646	26,513
Increase	-	-	484	2,530	3,014
Disposals	-	-	(168)	(633)	(801)
Acquisitions	253	7,365	5	-	7,623
Translation difference	(6)	(117)	(36)	14	(145)
Reclassification	-	-	(94)	94	-
As of June 30, 2018	**1,098**	**21,928**	**6,527**	**6,651**	**36,204**
Accumulated amortization					
As of December 31, 2017	350	2,024	3,246	850	6,470
Disposals	-	-	(128)	-	(128)
Acquisitions	-	-	-	-	-
Translation difference	-	-	(24)	(13)	(37)
Amortization	176	1,342	699	409	2,626
Reclassification	-	-	(12)	12	-
As of June 30, 2018	**526**	**3,366**	**3,781**	**1,258**	**8,931**
Net carrying amount as of June 30, 2018	**572**	**18,562**	**2,746**	**5,393**	**27,273**

The increase in intangible assets corresponds to the Group's investment in its new management system, creation of new services for customers and creation of new internal systems.

Technology and customer relationships correspond to intangible assets that are valued as a result of business combinations (see Note 9.2.).

Amortization period for customer relationships and technology have been determined by the estimated remaining useful life of the assets, between 4 and 10 years for customer relationship and 3 years for technology.

NOTE 11 – Tangible assets

Changes in tangible assets are presented as follows:

(in thousands of euros)		Fixtures	Office furniture	Computer hardware	Others	Total
Gross amount						
	As of December 31, 2017	5,575	4,843	8,850	483	19,751
	Increase	441	450	1,069	88	2,048
	Disposals	(48)	(153)	(407)	(12)	(620)
	Acquisitions	51	23	69	-	143
	Translation difference	4	(50)	(149)	(14)	(209)
	Other changes	-	(142)	142	-	-
As of June 30, 2018		**6,023**	**4,970**	**9,574**	**545**	**21,113**
Accumulated depreciation						
	As at December 31, 2017	2,133	2,871	6,174	233	11,412
	Disposals	(22)	(127)	(337)	(12)	(498)
	Acquisitions	1	1	5	-	7
	Translation difference	7	(46)	(80)	(6)	(125)
	Depreciation	382	342	828	41	1,593
	Other changes	-	-	-	-	0
As of June 30, 2018		**2,501**	**3,041**	**6,590**	**256**	**12,389**
Net carrying amount as of June 30, 2018		**3,522**	**1,929**	**2,984**	**288**	**8,724**

NOTE 12 – Non-current financial assets

Changes in financial assets are presented as follows:

(in thousands of euros)	Non-current financial assets	Deposit	Total
December 31, 2017	**683**	**2,141**	**2,824**
Acquisitions / increase	163	66	229
Disposals or repayments	(1)	(8)	(9)
Translation adjustment	-	4	4
Other changes	(85)	-	(85)
June 30, 2018	**760**	**2,203**	**2,963**

Deposits correspond to the deposits and guarantees paid in connection with the real estate rentals of the Group's companies.

The non-current financial assets are mainly related to a long term loan within a French specific tax scheme (€446 thousand).

NOTE 13 – Receivables and other current assets

13.1. Accounts receivable and related accounts

Accounts receivables and related accounts are detailed as follows:

(in thousand of euros)	31/12/2017	30/6/2018
Accounts receivables	52,580	58,095
Bad debt allowance	(871)	(1,017)
Accrued income	14,351	23,607
Accounts receivables and related accounts	**66,059**	**80,685**

Changes to the accounts receivable and related accounts over the periods are presented as follows:

(in thousands of euros)	
Net value on December 31, 2017	**66,059**
-Gross value	66,930
-Allowance	(871)
Change in gross value	14,087
Allowance recognized (revised)	(146)
Business combinations	1,330
Translation difference	(645)
Net value on June 30, 2018	**80,685**
-Gross value	81,702
-Allowance	(1,017)

Age analysis of accounts receivables is as follows:

(in thousand euros)	31/12/2017	30/6/2018
Not due or due since less than 30 days	52,199	61,951
Due for more than 30 days and less than 60 days	7,527	10,256
Due for more than 60 days and less than 90 days	2,328	3,753
Due for more than 90 days	4,005	4,725
Total	**66,059**	**80,685**

The changes during the corresponding period for doubtful accounts associated with accounts receivable on June 30, 2018 and December 31, 2017 are as follows:

Movement of bad debt allowance (in thousand euros)	31/12/2017	30/6/2018
On January 1st of each year	**(463)**	**(871)**
Addition	(1,268)	(396)
Non recovered claims	560	38
Reversal of bad debt allowance	291	211
Translation adjustment	9	1
As of the end of each reporting period	**(871)**	**(1,017)**

The first time application of the IFRS9 in the interim consolidated financial statements as of June 30, 2018 (see note 1.2.1) has impacted the provision for bad debts for an amount of €288 thousand. The additional allowance of €288 thousand was fully booked in operating expenses as of June 30, 2018.

The breakdown of the bad debt allowance by aging of the receivables is as follows:

Aging of receivables (in thousand euros)	31/12/2017	30/6/2018
Not due or due since less than 30 days	(10)	-
Due for more than 30 days and less than 60 days	(85)	(66)
Due for more than 60 days and less than 90 days	(130)	(52)
Due for more than 90 days	(646)	(899)
Total	**(871)**	**(1,017)**

13.2. Other current assets

(in thousand euros)	31/12/2017	30/6/2018
Tax and social security receivables	4,731	5,002
Other receivables	4,305	2,600
Deferred expenses	4,198	5,955
Total	**13,234**	**13,558**

Other receivables as of June 30, 2018, mainly refer to factoring (€345 thousand) and tax credits (€681 thousand) in France and received cash on behalf of the acquirer of a business in US (€576 thousand).

Other receivables as of December 31, 2017, mainly refer to factoring in Germany and France (€877 thousand), receivable in Germany due to factoring exceeding the financial limit (€1.960 thousand) and tax credits in France (€632 thousand), and received cash on behalf of the acquirer of a business in US (€917 thousand).

13.3. Fixed price projects

For fixed price projects with a contractual obligation to deliver a specific outcome, revenues and expenses are recorded in accordance with IFRS 15 - *Revenue from Contracts with Customers.* The core principle of IFRS 15 is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected to be entitled in exchange of those goods and services. Revenue is recognized when a performance obligation is satisfied, i.e. when control of the service is transferred to the customer. For fixed price projects revenue is recognized over time, since the performance does not create an asset with alternative use (used for another purpose or by another client without modifications) and there's an enforceable right to payment for performance completed to date.

When the result of a contract can be estimated reliably, income and expenses are recorded depending on the stage of completion of the contract at the closing date,

When the result of a contract cannot be estimated reliably, revenue is recorded to the extent of the costs incurred if it is likely that these costs will be recovered. When the projected cost price of a contract exceeds the contractual revenue, a provision for onerous contract is recorded for the extent of the difference.

Stage of completion is calculated monthly by comparing costs of completed work hours against total estimated costs of work hours to finalize the project.

Fixed price projects in the balance sheet are presented as follows:

Contracts in progress at end of the reporting period

(in thousands of euros)	**31/12/2017**	**30/6/2018**
Construction cost incured plus recognised profits less recognised losses to date	18,269	24,957
Less: progress billings	(21,187)	(24,457)
	(2,918)	**500**
Recognized and included in consolidated financials satements as amounts due;		
- from customers under construction contracts	2,735	2,492
- to customers under construction contracts	(5,653)	(1,992)
	(2,918)	**500**

Advances received from customers for contract work amounted to €2 thousand, as of June 30, 2018, and €34 thousand, as of December 31, 2017. There were no retentions held by customers for contract work.

Revenues related to fixed price projects amounted to €35.755 thousand for the six months ended June 30, 2018, and €27.292 thousand for the six months ended June 30, 2017.

NOTE 14 – Equity

14.1. Capital

On June 30, 2018, the capital of Valtech SE, in the amount of €3,520,936 is composed of 28.089.433 ordinary shares. It is fully paid. Changes over the periods are as follows:

Number of shares	**31/12/2017**	**30/6/2018**
On January 1st of each year	**26.591.970**	**27.493.427**
Increase in capital	799.170	516.748
Reduction in capital	-	-
Exercise of warrant options	102.287	79.258
As of the end of each reporting period	**27.493.427**	**28.089.433**

The company's shares were listed on the Euronext regulated market of the Paris Stock Exchange under ISIN code FR0011505163 until March 8, 2017, when the company was delisted.

14.2. Treasury shares – liquidity contract

On June 30, 2018, the number of treasury shares amounted to 30.103 (€466 thousand), an increase of €400 thousand (purchased from employees) compared to €66 thousand as of December 31, 2017.

14.3. Basic and diluted earnings per share

The reconciliation between the basic and diluted earnings per share is as follows:

	Net income (*)	Number of shares	Earnings per share
December 31, 2017			
Basic earnings per share	232	27.248.672	0.01
Dilutive impact of stock options		2.498.818	0.00
Earnings per diluted share	**232**	**29.747.490**	**0.01**
June 30, 2018			
Basic earnings per share	4,963	28.018.756	0.18
Dilutive impact of stock options		2.580.390	0.00
Earnings per diluted share	**4,963**	**30.599.146**	**0.16**

(*) Calculation of earnings per share is based on net income before discontinued operations

14.4. Dividends

The Group did not distribute dividends to its shareholders during fiscal year 2017 or the six months ended June 30, 2018.

NOTE 15 – Provisions

15.1. Movements in provisions

(in thousands of euros)	Litigations	Rent for unused premises	Retirement obligations	Others	Total
December 31, 2017					
-Current	39	173	54	513	779
-Non-current	1,099	118	879	758	2,854
Net values as of December 31, 2017	**1,138**	**291**	**933**	**1,271**	**3,633**
Increase	196	-	141	104	441
Recovery	(107)	(138)	-	(9)	(254)
Recovery (use)	(58)	(142)	(25)	(551)	(776)
Change in scope	-	-	-	(43)	(43)
Translation difference	-	(6)	(20)	(3)	(29)
Actuarial losses	-	-	146	-	146
June 30, 2018					
-Current	643	-	58	4	705
-Non-current	526	5	1,117	765	2,413
Net values as of June 30, 2018	**1,169**	**5**	**1,175**	**769**	**3,118**

A provision is recognized at the end of a reporting period if, and only if; (i) the Group has a present obligation (legal or constructive) as a result of a past event; (ii) it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate can be made of the amount of the obligation. Provisions are discounted when the impact of the time value of money is material.

15.2. Litigations

Social litigations in France

Costs related to litigation regarding former employees amounting to €1.099 thousand have been provisioned in 2017 and remains unchanged as of June 30, 2018.

15.3. Rent for unused premises

A decision has been taken to close down the Swedish subsidiary Valtech AB's office in Malmö with 10 employees. Cost related to the office during the remaining time of the lease agreement until December 2019, amounting to €225 thousand, was provisioned at December 31, 2017. The office was sub-leased in June 2018, and provision as of June 30, 2018, amounts to €5 thousand and relates to other costs related to the premise. For the six months ended June 30, 2018, this provision was reversed without being used with €137 thousand, based on the sub-lease of the office.

The Danish company Codehouse A/S, acquired in November 2017, has joined the office of the Danish subsidiary Valtech A/S, resulting in a provision for unused premises amounting to €66 thousand as of December 31, 2017. The provision refers to rent premise related costs until February 2018, when the office lease is surrendered. As of June 30, 2018, there is no remaining provision for this lease agreement.

These provisions cover the entire rent until the end of the lease, minus potential sub-leases if they are deemed sufficiently probable, considering the local real estate market.

15.4. Retirement obligations and other post-employment benefits

According to the laws and customs of each country, the Group offers, to its employees, pension plans and healthcare benefits. The plans depend on the local legislation of the country, the business and the historical practices of the subsidiary. Beyond the basic plans, the plans are of either defined contribution or defined benefit and, in the latter case, wholly or partly covered by dedicated investments (stocks, bonds, insurance contracts or other forms of dedicated investments).

- Defined contribution pension plans

The benefits depend solely on the accumulated contributions and investment returns of the latter. The Group's commitment is limited to contributions that are recognized as operating expenses when incurred.

- Defined benefit pension plans

The valuation of the Group's commitment under these plans is calculated annually. These calculations include assumptions of mortality, turnover, projection of future salary and pension increases paid.

The post-employment liabilities are determined in accordance with the accounting principles disclosed in note 1.18 to our interim consolidated financial statements. For pension and other post-employment benefits, actuarial gains and losses are recognized in the statement of other comprehensive income.

In order to achieve actuarial valuations, the basic assumptions for calculations are determined by country; specific assumptions (rates of staff turnover, salary increases) are set for each company.

Liabilities related to defined benefits plans recognized in the Interim Consolidated Financial Statements are broken down as follows:

(in thousands of euros)	France	India	Total
December 31, 2017	**443**	**490**	**933**
Service cost	55	60	115
Actuarial gains/losses	146	-	146
Other changes	-	-	-
Translation adjustment	-	(19)	(19)
June 30, 2018	**644**	**531**	**1,175**

The social benefits granted in India refers to a social local commitment called “Gratuity plan” i.e. defined benefits that are regularly paid to the employees when leaving the Group. As there is a lot of movements, the local plan is not funded and does not have an underlying asset.

Provisions for pensions and other postemployment benefits in France primarily relate to obligations to make retirement termination payments.

On June, 2018, the discount rates refer to the 10 year iBoxx rate.

Key assumptions used	31/12/2017	30/6/2018
Discount rate	1.30%	1.45%
Salary inflation rate	2.00%	2.00%
Date of retirement	65	65

15.5. Others

Tax audit in France

A tax audit took place in France which covered fiscal years 2010 and 2011 and the research tax credit recognized or paid during these two years. A re-assessment from the tax authorities was proposed in December 2013 on the research tax credit that had been recognized as income in 2010 for €2.228 thousand and collected in cash. Discussions with the tax authorities have led the latter to restrict the scope of its rectification proposal to a part of the research tax credit corresponding to an amount of €1.033 thousand in 2010. In addition, the control of other charges resulted in a notification to the Company in July 2014. After discussions with the tax authorities, the latter sent, during the first half of 2014, a notice to pay €1.273 thousand in relation to the 2010 research tax credit and other charges. The Company paid such amount in 2014. In 2017 a lawsuit to dispute the claim was filed.

NOTE 16 –Accounts payable and other current liabilities

16.1. Accounts payable and related accounts

The aging analysis of accounts payable is presented as follows:

Aging analysis of accounts payable (in thousand of euros)	31/12/2017	30/6/2018
Not due or due since less than 30 days	19,521	24,201
Due for more than 30 days and less than 60 days	1,856	272
Due for more than 60 days and less than 90 days	151	612
Due for more than 90 days	2,473	2,134
Total	**24,001**	**27,219**

16.2. Other current liabilities

(in thousands of euros)	31/12/2017	30/6/2018
Tax and social security liabilities	16,424	19,827
Customer advances	6,539	3,911
Deferred income	1,603	4,662
Other	1,958	1,670
Financial liabilities - current portion	**26,524**	**30,069**

Deferred income relates mainly to fixed price projects.

Liability regarding payments received from clients on behalf of the acquirer of a business in US amount to €576 thousand (included in other) as of June 30, 2018 and €917 thousand as of December 31, 2017.

NOTE 17 – Cash and cash equivalents

(in thousands of euros)	31/12/2017	30/6/2018
Cash and cash equivalents	61,703	51,457
Bank overdrafts	(3,139)	(1,568)
Total	**58,564**	**49,889**

The working capital requirements of France is partially met through factoring contracts without recourse for a total amount of €1.504 thousand as of June 30, 2018, included in cash and cash equivalents.

Included in cash and cash equivalents is cash received from Audi for the set-up of the Joint Venture (see note 2.2.3.), amounting to €7.512 thousand.

NOTE 18 – Financial debt

18.1. Analysis of the financial liabilities

(in thousands of euros)	31/12/2017	30/6/2018
Long-term borrowings	74,438	74,532
Deposits and securities received	301	54
Put option on own shares	10,795	10,795
Debt related to acquisitions	5,441	5,355
Other	134	585
Other financial debt	**16,671**	**16,789**
Financial liabilities-non-current portion	**91,109**	**91,321**
Short-term borrowings and bank overdrafts	4,218	4,293
Other financial debt-current portion	3,377	1,787
Financial liabilities-current portion	**7,595**	**6,080**
Total financial liabilities	**98,704**	**97,401**

Short-term borrowings and bank overdrafts corresponds to received cash related to factoring with recourse in Germany (€1.568 thousand June 30, 2018 and €3.139 thousand December 31, 2017) and accrued interest related to bonds (€2.725 thousand June 30, 2018 and €1.079 thousand December 31, 2017)

Long-term borrowings correspond to i) bonds issued in July 2016 for a nominal amount of €42.500 thousand bearing interest at 4,25% per annum with a maturity date in July 2022 and ii) bonds issued in October 2017 for a nominal amount of €33.000 thousand bearing interest at 4.5% per annum with a maturity date in October 2024.

The put options on our own shares for €10.795 thousand refers to payments in shares for the acquisitions of eFocus, People Interactive and El Chalten, where the sellers have a put option to sell all or a portion of the shares back to Valtech at the initial share price.

Other financial debt – current portion refers to debt relating to business combinations. On December 31, 2017 current debt related to business combinations amounted to €969 thousand regarding eFocus, €720 thousand regarding People Interactive, €266 thousand regarding El Chalten and €1.422 thousand regarding Codehouse A/S. On June 30, 2018 current debt related to business combinations amounted to €986 thousand regarding eFocus, €263 thousand regarding El Chalten and €537 thousand regarding Codehouse A/S.

18.2. Analysis of financial liabilities by maturity

(in thousands of euros)	31/12/2017	30/6/2018
Maturity less than 1 year	7,595	6,080
Maturity between 1 and 5 years	58,720	58,888
Maturity greater than 5 years	32,389	32,433
Total financial debt	**98,704**	**97,401**

Maturity between 1 and 5 years corresponds mainly to the bonds issued in July 2016, put options on our own shares and debt related to acquisitions.

Maturity over five year corresponds to the bonds issued in October 2017, with a maturity period of 7 years.

18.3. Analysis of the debt by rate

The bonds issued in July 2016 bear interest at a fixed rate of 4.25% per year. The bonds issued in October 2017 bear interest at a fixed rate of 4.5% per year. No hedging of interest rates has been implemented.

18.4. Finance contracts

Most of the financing agreements by the Group contain clauses in case of default or significant deterioration of Valtech SE and its subsidiaries. Under these clauses, the significant deterioration in the Group's financial position may lead to the collection of a significant portion or even all of its credit lines.

According to the term of the issue of bonds, so long as the bonds are outstanding, the following conditions regarding financial covenants applies:

- Leverage ratio (ratio of Consolidated Net Indebtedness to Consolidated EBITDA), shall be lower than or equal to 2.25 and from December 31, 2019, lower than or equal to 2.00
- Gearing ratio (the ratio of Consolidated Net Indebtedness to Equity), shall be lower than 1.2

If these conditions are not met, the notes become due and payable at their principal amount, together with any accrued interest. Leverage and gearing ratios are required to be calculated semi-annually. As of December 31, 2017, and June 30, 2018, these conditions are met.

18.5. Reconciliation between change in financial liabilities and cash flows related to financing

According to amendment to IAS 7 *« Disclosure initiative »* effective since January 1, 2017, the chart below presents the reconciliation between change in financial liabilities and flows related to financing:

(in thousands of euros)	31/12/2017	Cash flows	Non-cash changes: Acquisition	Non-cash changes: Foreign exchange movement	Non-cash changes: Others	30/6/2018
Long-term borrowings	74,438	-	-	-	94	74,532
Deposits and securities received	301	-	-	-	(247)	54
Put option on own shares	10,795	-	-	-	-	10,795
Debt related to acquisitions	5,441	-	-	(86)	-	5,355
Other	134	-	-	-	451	585
Financial liabilities-non current portion	**91,109**	**-**	**-**	**(86)**	**298**	**91,321**
Short-term borrowings and bank overdrafts	4,218	-	-	-	75	4,218
Other financial debt-current po	3,377	-	(1,560)	(30)	-	1,787
Financial liabilities-current portion	**7,595**	**-**	**(1,560)**	**(30)**	**75**	**6,080**
Total financial liabilities	**98,704**	**-**	**(1,560)**	**(116)**	**373**	**97,401**

NOTE 19 – Management of financial risks and financial instruments

The Group's financial liabilities comprise mainly borrowings and debt related to business combinations (earn-outs), liabilities associated with finance leases and trade payables.

The main objective of these borrowings is to fund the operational activities of the Group. The Group has various other financial assets such as receivables, cash and cash equivalents as well as short-term deposits that are directly generated by its activities.

The Group has no derivatives or any interest rate swaps.

19.1. Management of foreign currency risk

The total amount of assets denominated in euros, which is the functional currency of the Company and other currencies of the Group (USD, GBP, SEK, DKK, INR, AUD, CAD, ARS, CHF, SGD, CNY, BRL and UAH) is summarized in the table below. These amounts are not subject to any hedging policy.

For the six months ended June 30, 2018, the change in foreign currency translation adjustments recorded in consolidated equity on the net assets exposed to currency risk is a loss of €1.339 thousand. For the six months ended June 30, 2017, the loss was €894 thousand.

Division by currency, in thousands of euros	EUR	USD	INR	SEK	DKK	GBP	AUD	CAD	OTHERS (1)	TOTAL
December 31, 2017										
Assets	137,292	16,576	5,799	12,216	12,179	13,559	1,363	12,190	9,456	220,630
Liabilities excl. equity	128,211	3,378	3,145	5,659	5,406	4,916	714	4,430	1,887	157,746
Net exposure (in euros)	**9,081**	**13,198**	**2,654**	**6,557**	**6,773**	**8,643**	**649**	**7,760**	**7,569**	**62,884**
June 30, 2018										
Assets	134,959	16,758	6,368	12,370	12,837	35,398	685	13,600	10,875	243,850
Liabilities excl. equity	128,750	4,496	2,837	5,839	4,800	8,077	392	4,938	3,302	163,432
Net exposure (in euros)	**6,209**	**12,263**	**3,531**	**6,530**	**8,037**	**27,321**	**293**	**8,662**	**7,573**	**80,419**

(1) Net exposure others consists of UAH €3.721 thousand, BRL €1.158 thousand, SGD €991 thousand, CHF €974 thousand, ARS €596 thousand and RMB €133 thousand

The Group is mainly exposed to the fluctuation in the exchange rate of the USD and GBP. A 10% appreciation/depreciation of the USD against the EUR would increase/decrease net assets converted into euros by approximately €1.226 thousand and the same appreciation/depreciation in GBP would increase/decrease net assets converted to euros by €2.732 thousand.

19.2. Management of interest rate risk

On June 30, 2018 and December 31, 2017, Valtech is exposed to interest rate risk only regarding bank guarantees, since the current financing is at a fixed interest rate.

Financing

The current financing of the Valtech Group consists of (i) an issue of bonds, amounting to €42.5 million with a fixed annual interest rate of 4.25% and with a maturity date in 2022, and (ii) an issue of bonds, amounting to €33 million with a fixed annual interest rate of 4.5% and with a maturity date in 2024.

Bank guarantees

All of Valtech's bank guarantees are indexed on country-specific fixed rates. The Group has given bank guarantees amounting to €802 thousand.

19.3. Liquidity risk

In addition to the available cash of €49 889 thousand, the Group's financing as of June 30, 2018 is based mainly on one line related to factoring of receivables totalling €1.568 thousand, concluded by the German entity. This agreement does not transfer all the risks associated with collection of the receivables to the financial institution, and the cash related to the factoring has therefore been deducted as bank overdrafts.

19.4. Risk on shares and other financial investments

Valtech does not hold any marketable securities, and the Group is not exposed to the risk of share price fluctuation.

Valtech SE

NOTE 20 – Warrants

A policy has been implemented for the issuance of redeemable equity warrants (“warrants”) to certain employees within the Group, which, subject to the recipient paying a subscription price, represent a right to receive ordinary shares upon the payment of an exercise price. Recipients of warrants are determined in the discretion of the Board and, once a recipient is issued a warrant, he or she must pay the subscription price associated with such warrant or such warrant is forfeited.

As of June 30, 2018 and December 31, 2017, the Board of Directors has authorized the issuance of warrants as follows:

- July 12, 2013: 23.153.666 warrants

- December 5, 2014: 6.485.155 warrants

- April 21, 2015: 492.625 warrants

- April 7, 2017: 120.400 warrants.

20.1 Main features of the warrants

The main features of the warrants plan existing as of June 30, 2018 and December 31, 2017, are described in the table below:

	2013 plan	2014 plan	2015 plan	2015 plan	2017 plan
Grant date	2013-07-12	2014-12-05	2015-04-21	2015-07-03	2017-04-07
Contractual term of the plan	4 to 5 years	3 to 4 years	4 to 5 years	4 to 5 years	4 to 5 years
Number of warrants issued	23,153,666	6,485,155	422,625	70,000	120,400
Number of warrants required to purchase one share	8	8	1	1	1
Exercise period	From July 12, 2016 to July 12, 2018	From July 12, 2016 to July 12, 2018	From June 1, 2018 to May 31, 2020	From June 1, 2018 to May 31, 2020	From April 10, 2020 to April 9, 2022
Number of beneficiaries	58	30	25	2	23
Subscription price (euros)	0.03	0.05	0.80	0.80	1.25
Exercise price (euros)	0.27	0.4875	7.32	7.55	12.25
Settlement method	Equity	Equity	Equity	Equity	Equity
Redemption conditions	at 0,01€if share market value equals 0,74€ from July 12, 2015 to July 12, 2018	at 0,025€ if share market value equals 1,37€ from July 12, 2015 to July 12, 2018	at 0,50€ if share market value equals 20,06€ from June 1, 2018 to May 31, 2020		at 1€ if share market value equals 33,57€ from June 1, 2020 to April 9, 2022

Valtech has the possibility to buy back the warrants at a determined price (see table above) if the share market value equals a specific quote (see table above). The holders of warrants can avoid this buy back by exercising their warrants.

The movements on the equity warrant plan are the following:

	31/12/2017		30/6/2018	
	Number of warrants	Exercise price	Number of warrants	Exercise price
Warrants not exercised at the beginning of the period	**28.410.197**	**0.27**	**27.677.327**	
Warrants issued over the period	120.400	12.25	-	
Warrants cancelled/maturing over the period	(35.000)	0.27	(11.500)	0.96
Warrants exercised over the period	(818.270)	0.31	(634.062)	0.32
Warrants not exercised at the end of period	**27.677.327**		**27.031.765**	

20.2. Information on the fair value of warrants allocated

The fair values were determined on the grant dates of the various plans from two evaluation models (Cox, Ross and Rubinstein / Monte Carlo) and are based on data and assumptions that are deemed to be reasonable as of the reporting dates.

The main data and assumptions that were used in making the measurements are as follows:

	Plan of 10 May 2013 - 4 years	Plan of 17 May 2013 - 4 years	Plan of 10 May 2013 - 5 years	Plan of 17 May 2013 - 5 years	Plan of 5 Dec. 2014 - 3 years
Plan date	2013-05-10	2013-05-17	2013-05-10	2013-05-17	2014-12-05
Market value of the underlying on the grant date	0.34	0.35	0.34	0.35	4.70
Subscription price (in euros)	0.03	0.03	0.03	0.03	0.05
Exercise price (in euros)	0.27	0.27	0.27	0.27	0.33
Volalitility expected (2)	56.10%	55.90%	56.10%	55.90%	56.10%
Contractual life of the warrant	4 years	4 years	5 years	5 years	4 years
Risk-free return rate (3)	0.45%	0.38%	0.62%	0.53%	0.45%
Dividend rate (4)	-	-	-	-	-
Fair value of warrants (5)	14.84	15.43	15.47	16.03	14.84

	Plan of 5 Dec. 2014 - 4 years	Plan of 11 May 2015 - 4 years	Plan of 3 July 2015 - 4 years	Plan of 7 April 2017 - 4 years
Plan date	2014-12-05	2015-05-11	2015-07-03	2017-04-07
Market value of the underlying on the grant date (1)	4.70	7.55	8.35	12.50
Subscription price (in euros)	0.05	0.80	0.80	1.25
Exercise price (in euros)	0.33	7.32	7.55	12.25
Volalitility expected (2)	55.90%	34.00%	34.00%	32.56%
Contractual life of the warrant	4 years	4 years	4 years	4 - 5 years
Risk-free return rate (3)	0.38%	0.20%	0.20%	-0.37%
Dividend rate (4)	-	-	-	-
Fair value of warrants (5)	15.43	20.06	20.06	1.67

(1) Following the share consolidation operation (8 old shares for one new share), the price of the underlying is to be compared to the subscription and exercise price of 8 warrants.

(2) Volatility weighted according to the schedule.

(3) Risk-free return rate (treasury bonds of maturity 2 and 5 years) weighted according to the schedule.

(4) Given the lack of distribution history and current profitability of the company, it is assumed that dividends with a horizon of 5 years will not be distributed.

(5) Fair value of options weighted according to the schedule.

20.3. Expenses accounted for under share-based payments

The total expense recognized in the statement of income with a corresponding increase in equity in accordance with IFRS 2 paragraphs 10-22 amounted to €150 thousand and €518 thousand for the six months ended June 30, 2018 and 2017, respectively.

NOTE 21 – Off-balance sheet commitments

21.1. Contractual obligations

Commitments related to operating leases are as follows:

Leases (in thousand euros)	31/12/2017	30/6/2018
Less than a year	7,374	8,312
Between 1 and 5 years	18,350	17,713
Beyond 5 years	3,622	3,872
Lease agreements	**29,346**	**29,897**

The contractual obligations are primarily related to rental commitments.

21.2. Guarantees given

The Valtech Group has agreed to the following guarantees:

Guarantees given (in thousand euros)	31/12/2017	30/6/2018
Guarantees for real estate leases	4,350	3,942
Guarantee to the buyer of a divested business	500	500
Other guarantees	5	5
Total commitment	**4,855**	**4,447**

Guarantee given in connection with real estate leases:

The guarantees relate to bank guarantees granted in France, Germany and Brazil to the lessor of premises, and guarantees to the lessor of premises in London, United Kingdom and Stockholm, Sweden.

Guarantee to the buyer of a divested business:

In connection with the sale of a divested business, Valtech has pledged a guarantee limited to €500 thousand to the buyer, valid for two years and until September 2018.

21.3. Guarantees received

The Group holds no guarantee issued by third parties for its benefit. Guarantees received from financial institutions in its favor and issued at its request are presented under guarantees given.

NOTE 22 – Related parties

22.1. Related parties

Transactions concluded with normal market conditions between the Group and related parties, are as follows:

(in thousand euros)

Company	Services	Link	Six months ended June 30, 2017	Six months ended June 30, 2018
Revenues				
NetWerk Group	Other revenues	Management in eFocus	29	1
Medicor B.V	Consulting	Management in eFocus	10	-
ShopWorks B.V.	Other revenues	Management in eFocus	-	6
Pulsar Four GmBH	Consulting	Sergei Ostapenko	251	13
Pulsar Four LLC	Consulting	Sergei Ostapenko	43	-
Digital Pelican - JOP Inc.	Consulting	Sebastian Lombardo	77	60
		Total revenues	**410**	**80**
Costs				
A3 Investissements	Consulting	Sebastian Lombardo	135	125
Executive Technologies Partner Twenty Plus Consulting	Consulting	Tomas Nores	191	124
Executive Technologies Partner Twenty Plus Consulting	Expenses	Tomas Nores	0	80
Cleverbridge	Consulting	Paul Lewis	78	124
Candioti Gatto Bicain & Ocantos SC	Consulting	Alejandro Candioti	132	70
The Three Tress B.V	Office rental	Management in eFocus	297	350
NetWerk Group	Group costs	Management in eFocus	897	463
NetWerk Group	Inventory	Management in eFocus	-	138
NetWerk Group	Other expenses	Management in eFocus	-	181
Digital Tribes	Other expenses	Management in eFocus	209	149
A van Urk Management B.V	Consulting	Management in eFocus	96	120
Brandt Management B.V	Consulting	Management in eFocus	96	108
Arnoud B.V	Consulting	Management in eFocus	96	108
ShopWorks B.V.	Other expenses	Management in eFocus	16	12
Cure4 B.V	Other variable costs	Management in eFocus	-	3
Ingo Kriescher Consulting	Consulting	Ingo Kriescher	97	-
Pulsar Four GmBH	Other expenses	Sergei Ostapenko	4	1
Pulsar Four LLC	Other expenses	Sergei Ostapenko	2	2
Arbusta	Consulting	Matias Vidal	45	19
		Total cost	**2,391**	**2,177**

22.2. Gross remuneration allocated to the Board of directors

For the six months ended June 30, 2018, and the year ended December 31, 2017, the corporate officers of Valtech SE, the parent company of the Group, are entitled to fees for their participation in activities conducted by the Board of Directors of the Company. This compensation has not been paid and the board has not decided on any allocation of fees among its members for these periods. For the six months ended June 30, 2018, an allocation of fee for earlier periods amounting to €100 thousand has been reversed.

The CEO of Valtech SE, Sebastian Lombardo, is entitled to director's fees like the other members of the Board of directors for participation in the board. However, as the Board has not decided on such fees, no remuneration is indicated in the table of remuneration received by Mr. Lombardo. It should be noted that under specific assistance missions, fees are paid by the Group to Mr. Lombardo. These fees amounts to €125 thousand for the six months ended June 30, 2018, and €135 thousand for the corresponding six months 2017, as disclosed in the table above in Note 22.1.

22.3. Amounts allocated to the governing bodies

The amounts allocated to the four executive committee members of the Valtech Group in the form of remuneration or fees recorded during the six months ended June 30, 2018 and 2017, amounted to €591 thousand, and €708 thousand, respectively.

For the six months ended June 30, 2018, this amount comprises €249 thousand of fees, detailed in the table above in Note 22.1 and €342 thousand of remuneration.

NOTE 23 – Event after closing date

Joint-venture with Audi

Pursuant to the Joint Venture Agreement signed on March 27, 2018 between our German subsidiary Valtech GmbH and Audi Electronics Venture GmbH, Valtech GmbH transferred to the joint-venture a digital mobility business unit with approximately 170 employees at a book value of €5.1 million. The operations commenced on July 1, 2018 and the new company has been fully consolidated in the Valtech accounts since this date.